



### 3. CSD PARTICIPATION

#### Urgent Issues Committee

3.8.1 In order to ensure that the Business of the CSD is carried on with due regard to the interests of Participants, Issuers and Clients, the Controlling Body [Executive Officer] may from time to time appoint one or more Urgent Issues Committees. **[The Executive Officer or the acting Executive Officer and at least two independent members of the Controlling Body shall constitute an Urgent Issues Committee.]**

3.8.2 The Urgent Issues Committee shall comprise the chairman of the Controlling Body, or a person appointed by him, plus a minimum of two members of the Controlling Body, at least one of whom shall be a member of the Regulatory Committee.

3.8.3 [2] The Urgent Issues Committee must consider whether a Participant is conducting its Business in such a manner that there is imminent danger that such Participant may be unable to perform its Business [meet its commitments] or may be [directly] acting in such a manner that is detrimental to the interests, Business or [and] operation of other Participants, Clients, Issuers or the CSD.

3.8.4 [3] If the Urgent Issues Committee resolves that there are reasonable grounds for believing that the Participant is conducting its Business in a manner as set out in Rule 3.8.3 [2], the Urgent Issues Committee may call upon senior representatives of the Participant to attend a meeting of the Urgent Issues Committee, on such notice as determined by the Urgent Issues Committee. [which meeting may be called on a Business Day on not less than 4 (four) hour's notice or such other time as the parties may agree, to hear the concerns of the Urgent Issues Committee and to discuss how such concerns may be resolved.]

3.8.5 [4] If the Urgent Issues Committee, after consultation with the Participant concerned, decides that the Participant is conducting its Business in a manner as set out in Rule 3.8.3 [2], it may:

3.8.5 [4].1 impose any reasonable restrictions and conditions on the Business of the Participant, including the application of Rule 3.9.1;

3.8.5 [4].2 give the Participant such instructions as it may deem necessary in the interests of other Participants, Clients, Issuers or the CSD.

3.8.6 The Urgent issues Committee must within a reasonable time refer any contraventions of the Act, Rules or Directives to the Head of Supervision in terms of the Rules.

3.8.7 The Urgent Issues Committee must inform the Head of Supervision and Registrar within 30 (thirty) days of any action taken in terms of Rule 3.8.5 [4].

3.8.8 All decisions by the Urgent Issues Committee in terms of Rules 3.8 and 3.9 must be made by a two-thirds majority.

#### **Interim Management**

3.9.1 The Urgent Issues Committee may during the period of compliance with any restriction, condition or instruction in terms of Rule 3.8.5 [4], appoint an interim manager with relevant experience in the financial services industry, at the Participant's cost.

3.9.3 Notice to the Participant concerned of such prohibition, restriction or instruction shall be accompanied by particulars of any alleged contraventions of the Act, Rules and Directives. Any requirements of the Urgent Issues Committee for the rectification of the alleged contraventions shall be stated so as to enable the Participant to apply to the Urgent Issues Committee for the removal of the order made in terms of Rule 3.8.5 [4] once the conditions stated in the order have been satisfied.

3.9.4 Any action taken by the Urgent Issues Committee in terms of Rule 3.9 may continue until such time as the Committee is satisfied as to the Business of the Participant: Provided that such action shall be reviewed by the Urgent Issues Committee on a regular basis and any order shall thereafter only continue to the extent that such continuation is resolved by the Urgent Issues Committee.

**[3.9.5 All decisions by the Urgent Issues Committee in terms of Rules 3.8 and 3.9 must be made by a two-thirds majority.]**

**[3.9.6 The Urgent Issues Committee must within a reasonable time notify the Registrar of any contraventions of the Act.]**

3.9.5 [7] Any decision taken by the Urgent Issues Committee may be published in the media or otherwise, provided that if publication is ordered, the Participant referred to in Rule 3.8.3 [3.9.2] shall be given an opportunity to make representations to the Urgent Issues Committee in this regard.

3.9.6 [8] Any costs incurred by the Urgent Issues Committee in discharging their obligations in terms of the Rules may [shall] be for the account of the Participant referred to in Rule 3.8.3 [3.9.2].

**Right of Appeal**

- 3.13.1.5 the Urgent Issues Committee has imposed any restrictions, conditions or given instructions in terms of Rule 3.8.5 [4]; or

**5. DUTIES OF PARTICIPANTS****Client Mandates**

- 5.6.1 ...

- 5.6.4.1.1 **[A] Clients may instruct [its] their Participant not to send notices, reports and circulars regarding rights and other benefits accruing to them, as stipulated by the Directive dealing with the processing of corporate actions; [provided the client mandate contains an explanation from the Participant of the implication of such an instruction].**

**Duties of Participants**

- 5.7 A Participant must ensure that:

- 5.7.1 ...

- 5.7.3 all notices, reports and circulars regarding rights and other benefits accruing to the Securities which are received by a Participant from the Issuer of Securities, except **[where the Client Mandate stipulates otherwise]** as contemplated in Rule 5.6.4 and the Directive dealing with the processing of corporate actions, are conveyed within a reasonable time to the Client concerned;

**8. RISK AND COMPLIANCE****Reports and Audits - Participant**

- 8.1.2 A Participant must, to the satisfaction of the Controlling Body, introduce and maintain internal controls and procedures to ensure that the Securities Accounts held by it are audited on a regular basis according to ISA [SAAS]. All audit reports compiled in accordance with the provisions of this Rule and submitted to the CSD shall only be disclosed to the Executive Officer of the CSD and the Head of Supervision and on request, to the Registrar.

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- 8.1.5 The Registered Auditor responsible for the audit of the Participant must submit a factual findings report annually to the Controlling Body, within 90 (ninety) calendar days after the financial year-end of the Participant which complies with the Strate Circular[te], the Act and Rules.
- 8.1.6 The Registered Auditor responsible for the audit of the Participant must annually report to the Controlling Body whether [or not]:
- 8.1.6.1 the Participant complies with the requirements of the Act and the Rules regarding the maintenance of Securities Accounts; and
- 8.1.6.2 the Participant complies with the Rules relating to the reconciliation of Securities Accounts to the Central Securities Accounts kept by the CSD.
- 8.1.7 A Participant must, within 90 (ninety) calendar days from its financial year end, ensure that its Registered Auditor responsible for the audit submits to the Controlling Body, any further reports as required by the Act and Rules.